Testimony of Roger B. Schagrin
Section 332 Hearing, USITC

Good Morning Chairman Okun and members of the Commission. We are counsel to the CPTI 201 coalition, and I am General Counsel of the CPTI. Based on information in various ITC investigations and our estimates for conduit, production of welded pipe products is approximately 8 million tons, accounting for the largest direct spot purchases of hot-rolled of any consuming industry in the United States. When submitting its 332 report to the Congress and to the President, we believe the Commission should give additional weight to the information and testimony supplied by those segments of the consuming industries that account for the largest portions of purchases of steel subject to 201 relief.

There can be no doubt in anyone's mind that the single largest issue confronting the competitive conditions of U.S. industries consuming steel in the United States is competition from China. Between 2001 and 2002, the merchandise trade deficit with China increased by 20 billion dollars. Between the first quarter of 2002 and the first quarter of 2003, the trade deficit increased again by an additional 6 billion dollars. Compare this to the likely one billion dollar change in profitability for the industries receiving 201 relief. Lets see -- $26 billion ... $1 billion – which had the greatest impact on U.S. manufacturing? It is unfortunate that many steel-consuming industries are opposing steel industry relief. They have also signed on to a campaign to eradicate the trade laws and to try to end the distribution of dumping duties and subsidies collected by the government to the very parties who are injured by the continued dumping of these products. What they haven't signed on to is to do anything about trade policies with China. Like lemmings following Liebowitz over a cliff, these steel consumers will wake up five years from now and find that they only have two choices, manufacture in China or go out of business if our trade policies are not changed. It is indeed unfortunate that they are missing the ball.

The facts in this case are really incontrovertible. New data from Purchasing Magazine is showing that steel pricing in May 2003 was about the same as it was in March 2002, before the 201 relief began. Lead times are as short today as they were prior to 201 relief. Therefore, at the present time, no one can complain that 201 relief is having a negative impact on the competitive conditions of steel-consuming industries. But what is clear for the record for this 332 and 204 review is that, without 201 relief, large segments of the domestic flat-rolled industry would have been permanently shuttered. Rather than being able to depend on $200 steel forever, our view is that losing large amounts of domestic capacity and becoming dependent on imported steel would have been very bad for steel-consuming industries.

Without facts to support their arguments, it is apparent from the confidential exhibit attached to our prehearing brief, that at least someone on the side opposing the relief decided to urge respondents to your questionnaire to fabricate information to support their positions. This is unacceptable behavior before this Commission and I am glad you are investigating it.